GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Andhra Pradesh Value Added Tax Act, 2005 / Central Sales Tax Act, 1956 – Procurement of goods by the Government Departments and Public Sector Undertakings – Evaluation of tenders excluding tax to create level playing field and to generate revenue to the State - Orders – Issued.

REVENUE (COMMERCIAL TAXES-II) DEPARTMENT

G.O.MS.No. 170 **Dated: 26-04-2016**

Read:

Representation of Sri T.Kesavulu Naidu, Managing Director, M/s.Keshava Medi Devices Private Limited, Tirupati.

** ** **

ORDER:

It is brought to the notice of the Government that evaluation of the prices quoted by the bidders in the tenders called for procurement of Goods by the Government Departments / Public Sector Undertakings (PSUs) and other Government Bodies by including Value Added Tax (VAT) / Central Sales Tax (CST) in the price is practically eliminating the local bidders vis-à-vis the bidders from other States because of the difference in rates of tax under the Andhra Pradesh Value Added Tax (APVAT) Act, 2005 (14.5%/5%) and CST Act, 1956 (2%). The net result is trade diversion to other States and deprival of revenue to the State. It is represented before the Government that evaluating the prices excluding tax will prevent trade diversion, encourages local trade and industry and also fetches revenue to the State.

2. Government, after carefully examining the matter, hereby direct all the Government Departments / PSUs and other Government Bodies to evaluate the prices quoted by the Bidders in the tenders called for procurement of Goods by excluding the tax element. After the tenders are finalized, the successful bidder may supply the goods for the price quoted and include the tax separately at the applicable rates under the APVAT Act, 2005 / CST Act, 1956 in the invoice. In case the supplier is a dealer registered under the APVAT Act, 2005, the Procuring Department / PSU / other Government Body may deduct the tax at the time of payment of the Bill and remit it to the Commercial Taxes Department.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SATYA PRAKASH TUCKER,
CHIEF SECRETARY TO GOVERNMENT

To
All the Secretariat Departments (5 copies each).
All Heads of Departments of the State Government through their respective Secretariat Departments.
All Public Sector Undertakings and other Government Bodies under the control of the State of Andhra Pradesh through their respective Heads of Departments.
The Commissioner of Commercial Taxes, Andhra Pradesh, Hyderabad.
Copy to :
The P.S. to the Principal Secretary to Chief Minister.
The Accountant General, Andhra Pradesh, Hyderabad.
S.f./S.c.

// Forwarded :: By Order //

SECTION OFFICER